

[COMMITTEE PRINT]

AUGUST 20, 1964

88TH CONGRESS
2D SESSION

H. R. 8427

IN THE SENATE OF THE UNITED STATES

OCTOBER 31 (legislative day, OCTOBER 22), 1963

Read twice and referred to the Committee on Armed Services

[Omit the part struck through and insert the part printed in italic]

AN ACT

To provide for the establishment and maintenance of a Central Intelligence Agency Retirement and Disability System for a limited number of employees, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **TITLE I—SHORT TITLE AND DEFINITIONS**

4 **PART A—SHORT TITLE**

5 SEC. 101. This Act may be cited as the “Central In-
6 telligence Agency Retirement Act of ~~1963~~ 1964 for Certain
7 Employees”.

J. 36-944—1

1 PART B—DEFINITIONS

2 SEC. 111. When used in this Act, the term—

3 (1) “Agency” means the Central Intelligence
4 Agency; and

5 (2) “Director” means the Director of Central
6 Intelligence.

7 TITLE II—THE CENTRAL INTELLIGENCE AGENCY
8 RETIREMENT AND DISABILITY SYSTEM

9 PART A—ESTABLISHMENT OF SYSTEM

10 RULES AND REGULATIONS

11 SEC. 201. (a) The Director may prescribe rules and
12 regulations for the establishment and maintenance of a Cen-
13 tral Intelligence Agency Retirement and Disability System
14 for a limited number of employees, referred to hereafter as
15 the system; such rules and regulations to become effective
16 after approval by the chairmen and ranking minority mem-
17 bers of the Armed Services Committees of the House and
18 Senate.

19 (b) The Director shall administer the system in accord-
20 ance with such rules and regulations and with the principles
21 established by this Act.

22 (c) In the interests of the security of the foreign intelli-
23 gence activities of the United States and in order further
24 to implement the proviso of section 102 (d) (3) of the Na-
25 tional Security Act of 1947, as amended (50 U.S.C. 403

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consultation?
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1 (d) (3)), that the Director of Central Intelligence shall be
2 responsible for protecting intelligence sources and methods
3 from unauthorized disclosure, and notwithstanding the pro-
4 visions of the Administrative Procedure Act (5 U.S.C. 1001
5 et seq.) or any other provisions of law, any determinations
6 by the Director authorized by the provisions of this Act shall
7 be deemed to be final and conclusive and not subject to
8 review by any court.

9 ESTABLISHMENT AND MAINTENANCE OF FUND

10 SEC. 202. There is hereby created a fund to be known
11 as the Central Intelligence Agency Retirement and Disabil-
12 ity Fund which shall be maintained by the Director. The
13 Central Intelligence Agency Retirement and Disability Fund
14 is referred to hereafter as the fund.

15 PARTICIPANTS

16 SEC. 203. The Director may designate from time to
17 time such Agency officers and employees whose duties are
18 determined by the Director to be (i) in support of Agency
19 activities abroad hazardous to life or health or (ii) so special-
20 ized because of security requirements as to be clearly dis-
21 tinguishable from normal government employment, hereafter
22 referred to as participants, who shall be entitled to the bene-
23 fits of the system. Any participant who has completed
24 fifteen years of service with the Agency and whose career at
25 that time is adjudged by the Director to be qualifying for the

1 system may elect to remain a participant of such system for
2 the duration of his employment by the Agency and such elec-
3 tion shall not be subject to review or approval by the
4 Director.

5 ANNUITANTS

6 SEC. 204. (a) Annuitants shall be participants who are
7 receiving annuities from the fund and all persons, including
8 surviving wives and husbands, widows, dependent widowers,
9 children, and beneficiaries of participants or annuitants who
10 shall become entitled to receive annuities in accordance with
11 the provisions of this Act.

12 (b) When used in this Act the term—

13 (1) "Widow" means the surviving wife of a par-
14 ticipant who was married to such participant for at
15 least two years immediately preceding his death or is
16 the mother of issue by marriage to the participant.

17 (2) "Dependent widower" means the surviving
18 husband of a participant who was married to such
19 participant for at least two years immediately preceding
20 her death or is the father of issue by marriage to the
21 participant, and who is incapable of self-support by rea-
22 son of mental or physical disability, and who received
23 more than one-half of his support from such participant.

24 ~~(3) "Child" means an unmarried child, under the~~
25 ~~age of eighteen years, or such unmarried child regard-~~

1 less of age who, because of physical or mental disability
2 incurred before age eighteen, is incapable of self-support.
3 In addition to the offspring of the participant and his
4 or her spouse, the term includes (i) an adopted child,
5 and (ii) a stepchild or recognized natural child who
6 received more than one-half of his support from the
7 participant.

8 (3) "Child" means an unmarried child, including
9 (i) an adopted child, and (ii) a stepchild or recognized
10 natural child who received more than one-half his sup-
11 port from and lived with the participant in a regular
12 parent-child relationship, under the age of eighteen years,
13 or such unmarried child regardless of age who because of
14 physical or mental disability incurred before age eighteen
15 is incapable of self-support or such unmarried child be-
16 tween eighteen and twenty-one years of age who is a student
17 regularly pursuing a full-time course of study or training
18 in residence in a high school, trade school, technical or
19 vocational institute, junior college, college, university, or
20 comparable recognized educational institution. A child
21 whose twenty-first birthday occurs prior to July 1 or after
22 August 31 of any calendar year, and while he is regu-
23 larly pursuing such a course of study or training, shall
24 be deemed for the purposes of this paragraph and section
25 221(e) of this Act to have attained the age of twenty-one

1 *on the first day of July following such birthday. A child*
2 *who is a student shall not be deemed to have ceased to be*
3 *a student during any interim between school years if the*
4 *interim does not exceed four months and if he shows to*
5 *the satisfaction of the Director that he has a bona fide*
6 *intention of continuing to pursue a course of study or*
7 *training in the same or different school during the school*
8 *semester (or other period into which the school year is*
9 *divided) immediately following the interim.*

10 **PART B—COMPULSORY CONTRIBUTIONS**

11 **SEC. 211. (a)** Six and one-half per centum of the basic
12 salary received by each participant shall be contributed to
13 the fund for the payment of annuities, cash benefits, refunds
14 and allowances. An equal sum shall also be contributed
15 from the respective appropriation or fund which is used
16 for payment of his salary. The amounts deducted and with-
17 held from basic salary together with the amounts so contrib-
18 uted from the appropriation or fund shall be deposited by
19 the Agency to the credit of the fund.

20 **(b)** Each participant shall be deemed to consent and
21 agree to such deductions from basic salary, and payment less
22 such deductions shall be a full and complete discharge and
23 acquittance of all claims and demands whatsoever for all
24 regular services during the period covered by such payment,

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1 except the right to the benefits to which he shall be entitled
2 under this Act, notwithstanding any law, rule, or regulation
3 affecting the individual's salary.

4 PART C—COMPUTATION OF ANNUITIES

5 SEC. 221. (a) The annuity of a participant shall be equal
6 to 2 per centum of his average basic salary for the highest
7 five consecutive years of service, for which full contributions
8 have been made to the fund, multiplied by the number of
9 years, not exceeding thirty-five, of service credit obtained in
10 accordance with the provisions of sections 251 and 252. In
11 determining the aggregate period of service upon which the
12 annuity is to be based, the fractional part of a month, if any,
13 shall not be counted.

14 (b) At the time of retirement, any married participant
15 may elect to receive a reduced annuity and to provide for
16 an annuity payable to his wife or her husband, commencing
17 on the date following such participant's death and terminat-
18 ing upon the death or remarriage of such surviving wife or
19 husband. The annuity payable to the surviving wife or hus-
20 band after such participant's death shall be ~~50~~ 55 per centum
21 of the amount of the participant's annuity computed as pre-
22 scribed in paragraph (a) of this section, up to the full
23 amount of such annuity specified by him as the base for the
24 survivor benefits. The annuity of the participant making

1 such election shall be reduced by $2\frac{1}{2}$ per centum of any
2 amount up to ~~\$2,400~~ \$3,600 he specified as the base for the
3 survivor benefit plus 10 per centum of any amount over
4 ~~\$2,400~~ \$3,600 so specified.

5 (c) (1) If an annuitant dies and is survived by a wife
6 or husband and by a child or children, in addition to the
7 annuity payable to the surviving wife or husband, there shall
8 be paid to or on behalf of each child an annuity equal to the
9 smallest of: (i) 40 per centum of the annuitant's average
10 basic salary, as determined under paragraph (a) of this sec-
11 tion, divided by the number of children; (ii) \$600; or (iii)
12 \$1,800 divided by the number of children.

13 (2) If an annuitant dies and is not survived by a wife
14 or husband but by a child or children, each surviving child
15 shall be paid an annuity equal to the smallest of: (i) 50 per
16 centum of the annuitant's average basic salary, as determined
17 under paragraph (a) of this section, divided by the number
18 of children; (ii) \$720; or (iii) \$2,160 divided by the num-
19 ber of children.

20 (d) If a surviving wife or husband dies or the annuity
21 of a child is terminated, the annuities of any remaining
22 children shall be recomputed and paid as though such wife,
23 husband, or child had not survived the participant.

24 ~~(e)~~ The annuity payable to a child under paragraph
25 ~~(e)~~ or ~~(d)~~ of this section shall begin on the first day of

1 the next month after the participant dies and such annuity
2 or any right thereto shall be terminated upon death, marriage,
3 or attainment of the age of eighteen years, except that, if a
4 child is incapable of self-support by reasons of mental or
5 physical disability, the annuity shall be terminated only when
6 such child dies, marries, or recovers from such disability.

7 (e) The annuity payable to a child under paragraph
8 (c) or (d) of this section shall begin on the day after the
9 participant dies, and such annuity or any right thereto shall
10 terminate on the last day of the month before (1) his attain-
11 ing age eighteen unless incapable of self-support, (2) his
12 becoming capable of self-support after age eighteen, (3) his
13 marriage, or (4) his death, except that the annuity of a child
14 who is a student as described in section 204(b)(3) of this
15 Act shall terminate on the last day of the month before (1) his
16 marriage, (2) his death, (3) his ceasing to be such a student,
17 or (4) his attaining age twenty-one.

18 (f) Any unmarried participant retiring under the pro-
19 visions of this Act and found by the Director to be in good
20 health may at the time of retirement elect a reduced annuity,
21 in lieu of the annuity as hereinbefore provided, and designate
22 in writing a person having an insurable interest (as that term
23 is used in 5 U.S.C. 2259 (h)) in the participant to receive
24 an annuity after the participant's death. The annuity pay-

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1 able to the participant making such election shall be reduced
2 by 10 per centum of an annuity computed as provided in
3 paragraph (a) of this section, and by 5 per centum of an
4 annuity so computed for each full five years the person
5 designated is younger than the participant, but such total
6 reduction shall not exceed 40 per centum. The annuity of a
7 survivor designated under this paragraph shall be ~~50~~ 55 per
8 centum of the reduced annuity computed as prescribed above.
9 The annuity payable to a beneficiary under the provisions
10 of this paragraph shall begin on the first day of the next
11 month after the participant dies. Upon the death of the
12 surviving beneficiary all payments shall cease and no further
13 annuity payments authorized under this paragraph shall
14 be due or payable.

15 PART D—BENEFITS ACCRUING TO CERTAIN PARTICIPANTS
16 RETIREMENT FOR DISABILITY OR INCAPACITY—MEDICAL
17 EXAMINATION—RECOVERY

18 SEC. 231. (a) Any participant who has five years of
19 service credit toward retirement under the system, excluding
20 military or naval service that is credited in accordance with
21 provisions of section 251 or 252 (a) (2), and who becomes
22 totally disabled or incapacitated for useful and efficient serv-
23 ice by reason of disease, illness, or injury not due to vicious
24 habits, intemperance, or willful misconduct on his part,
25 shall, upon his own application or upon order of the Direc-

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1 tor, be retired on an annuity computed as prescribed in
2 section 221. If the disabled or incapacitated participant has
3 less than twenty years of service credit toward his retire-
4 ment under the system at the time he is retired, his annuity
5 shall be computed on the assumption that he has had twenty
6 years of service, but the additional service credit that may
7 accrue to a participant under this provision shall in no case
8 exceed the difference between his age at the time of retire-
9 ment and the mandatory retirement age applicable to his
10 ~~grade in the Agency age sixty, but this provision shall not~~ *
11 ~~increase the annuity of any survivor.~~

12 (b) In each case, the participant shall be given a
13 medical examination by one or more duly qualified physi-
14 cians or surgeons designated by the Director to conduct
15 examinations, and disability shall be determined by the
16 Director on the basis of the advice of such physicians or
17 surgeons. Unless the disability is permanent, like examina-
18 tions shall be made annually until the annuitant has reached
19 the statutory mandatory retirement age for his ~~grade in~~ *
20 ~~the Agency.~~ If the Director determines on the basis of
21 the advice of one or more duly qualified physicians or sur-
22 geons conducting such examinations that an annuitant has
23 recovered to the extent that he can return to duty, the
24 annuitant may apply for reinstatement or reappointment in
25 the Agency within one year from the date his recovery is

1 determined. Upon application the Director may reinstate
2 any such recovered disability annuitant in the grade in which
3 he was serving at time of retirement, or the Director may,
4 taking into consideration the age, qualifications, and experi-
5 ence of such annuitant, and the present grade of his con-
6 temporaries in the Agency, appoint him to a grade higher
7 than the one in which he was serving prior to retirement.
8 Payment of the annuity shall continue until a date six months
9 after the date of the examination showing recovery or until
10 the date of reinstatement or reappointment in the Agency,
11 whichever is earlier. Fees for examinations under this pro-
12 vision, together with reasonable traveling and other expenses
13 incurred in order to submit to examination, shall be paid out
14 of the fund. If the annuitant fails to submit to examination
15 as required under this section, payment of the annuity shall
16 be suspended until continuance of the disability is satisfac-
17 torily established.

18 (c) If a recovered disability annuitant whose annuity
19 is discontinued is for any reason not reinstated or re-
20 appointed in the Agency, he shall be considered to have been
21 separated within the meaning of paragraphs (a) and (b) of
22 section 234 as of the date he was retired for disability and he
23 shall, after the discontinuance of the disability annuity, be
24 entitled to the benefits of that section or of section 241 (a)
25 except that he may elect voluntary retirement in accordance

1 with the provisions of section 233 if he can qualify under its
2 provisions.

3 (d) No participant shall be entitled to receive an an-
4 nuity under this Act and compensation for injury or dis-
5 ability to himself under the Federal Employees' Compensa-
6 tion Act of September 7, 1916, as amended (5 U.S.C. 751
7 et seq.), covering the same period of time. This provision
8 shall not bar the right of any claimant to the greater benefit
9 conferred by either Act for any part of the same period of
10 time. Neither this provision nor any provision of the said
11 Act of September 7, 1916, as amended, shall be so construed
12 as to deny the right of any participant to receive an annuity
13 under this Act by reason of his own services and to receive
14 concurrently any payment under such Act of September 7,
15 1916, as amended, by reason of the death of any other
16 person.

17 (e) Notwithstanding any provision of law to the con-
18 trary, the right of any person entitled to an annuity under
19 this Act shall not be affected because such person has re-
20 ceived an award of compensation in a lump sum under sec-
21 tion 14 of the Federal Employees' Compensation Act of
22 September 7, 1916, as amended (5 U.S.C. 764), except
23 that where such annuity is payable on account of the same
24 disability for which compensation under such section has
25 been paid, so much of such compensation as has been paid

1 for any period extended beyond the date such annuity be-
2 comes effective, as determined by the Secretary of Labor,
3 shall be refunded to the Department of Labor, to be paid
4 into the Federal employees' compensation fund. Before
5 such person shall receive such annuity he shall (1) refund
6 to the Department of Labor the amount representing such
7 commuted payments for such extended period, or (2) au-
8 thorize the deduction of such amount from the annuity pay-
9 able to him under this Act, which amount shall be trans-
10 mitted to such Department for reimbursement to such fund.
11 Deductions from such annuity may be made from accrued
12 and accruing payments, or may be prorated against and paid
13 from accruing payments in such manner as the Secretary of
14 Labor shall determine, whenever he finds that the financial
15 circumstances of the annuitant are such as to warrant such
16 deferred refunding.

17 DEATH IN SERVICE

18 SEC. 232. (a) In case a participant dies and no claim
19 for annuity is payable under the provisions of this Act, his
20 contributions to the fund, with interest at the rates prescribed
21 in sections 241 (a) and 281 (a), shall be paid in the order
22 of precedence shown in section 241 (b).

23 (b) If a participant, who has at least five years of serv-
24 ice credit toward retirement under the system, excluding
25 military or naval service that is credited in accordance with

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1 the provisions of section 251 or 252 (a) (2), dies before
2 separation or retirement from the Agency and is survived by
3 a widow or a dependent widower, as defined in section 204,
4 such widow or dependent widower shall be entitled to an an-
5 nuity equal to ~~50~~ 55 per centum of the annuity computed in
6 accordance with the provisions of ~~paragraph (e) of this~~
7 ~~section and of~~ section 221 (a). The annuity of such widow
8 or dependent widower shall commence on the date following
9 death of the participant and shall terminate upon death or
10 *remarriage* of the widow or dependent widower, or upon
11 the dependent widower's becoming capable of self-support.

12 (c) If a participant who has at least five years of service
13 credit toward retirement under the system, excluding mili-
14 tary or naval service that is credited in accordance with the
15 provisions of section 251 or 252 (a) (2), dies before sepa-
16 ration or retirement from the Agency and is survived by a
17 wife or a husband and a child or children, each surviving
18 child shall be entitled to an annuity computed in accordance
19 with the provisions of section 221 (c) (1). The child's an-
20 nuity shall begin and be terminated in accordance with the
21 provisions of section 221 (e). Upon the death of the surviv-
22 ing wife or husband or termination of the annuity of a child,
23 the annuities of any remaining children shall be recomputed
24 and paid as though such wife or husband or child had not
25 survived the participant.

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1 (d) If a participant who has at least five years of
2 service credit toward retirement under the system, exclud-
3 ing military or naval service that is credited in accordance
4 with the provisions of section 251 or 252 (a) (2), dies be-
5 fore separation or retirement from the Agency and is not
6 survived by a wife or husband, but by a child or children,
7 each surviving child shall be entitled to an annuity computed
8 in accordance with the provisions of section 221 (c) (2).
9 The child's annuity shall begin and terminate in accordance
10 with the provisions of section 221 (e). Upon termination
11 of the annuity of a child, the annuities of any remaining
12 children shall be recomputed and paid as though that child
13 had never been entitled to the benefit.

14 (e) If, at the time of his or her death, the participant
15 had less than twenty years of service credit toward retire-
16 ment under the system, the annuities payable in accordance
17 with paragraph (b) of this section shall be computed in
18 accordance with the provisions of section 221 on the assump-
19 tion he or she has had twenty years of service, but the ad-
20 ditional service credit that may accrue to a deceased partici-
21 pant under this provision shall in no case exceed the differ-
22 ence between his or her age on the date of death and the
23 mandatory retirement age applicable to his or her grade in
24 the Agency. In all cases arising under paragraphs (b),


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1 ~~(e), (d), or (c)~~ of this section, it shall be assumed that the
2 deceased participant was qualified for retirement on the date
3 of his death.

4 VOLUNTARY RETIREMENT

5 SEC. 233. Any participant in the system who is at least
6 fifty years of age and has rendered twenty years of service
7 may on his own application and with the consent of the
8 Director be retired from the Agency and receive benefits in
9 accordance with the provisions of section 221 provided he
10 has not less than ¹⁰~~five~~ years of service with the Agency.

11 DISCONTINUED SERVICE ~~RETIREMENT~~ *Benefits*

12 SEC. 234. (a) Any participant who separates from the
13 Agency after obtaining at least five years of service credit
14 toward retirement under the system, excluding military or
15 naval service that is credited in accordance with the pro-
16 visions of section 251 or 252(a)(2) *having performed not*
17 *less than five years of service with the Agency*, may, upon
18 separation from the Agency or at any time prior to becoming
19 eligible for an annuity, elect to have his contributions to the
20 fund returned to him in accordance with the provisions of
21 section 241, or (except in cases where the Director deter-
22 mines that separation was based in whole or in part on the
23 ground of disloyalty to the United States) to leave his con-

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1 tributions in the fund and receive an annuity, computed as
2 prescribed in section 221, commencing at the age of ~~sixty~~
3 *sixty-two* years.

4 (b) If a participant who has qualified in accordance
5 with the provisions of paragraph (a) of this section to re-
6 ceive a deferred annuity commencing at the age of ~~sixty~~
7 *sixty-two* dies before reaching the age of ~~sixty~~ *sixty-two* his
8 contributions to the fund, with interest, shall be paid in
9 accordance with the provisions of sections ~~241~~ and 281.

10 ~~(c)~~ The Director may in his discretion retire participants
11 in grade GS-14 and above. If so retired they shall receive
12 retirement benefits in accordance with the provisions of sec-
13 tion ~~221~~, provided they have in each case not less than five
14 years of qualifying and a total of ten years of service with
15 the Agency. Any individual so retired who does not meet
16 these service requirements shall receive the benefits pro-
17 vided for individuals in grade GS-13 as set out in paragraph
18 ~~(d)~~ of this section.

19 ~~(d)~~ The Director may in his discretion retire partici-
20 pants in grade GS-13 and below, and each such participant
21 shall receive—

22 ~~(1)~~ one-twelfth of a year's salary at his then cur-
23 rent salary rate for each year of service and proportion-
24 ately for a fraction of a year, but not exceeding a total

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1 of one year's salary at his then current salary rate, pay-
2 able without interest, from the fund, in three equal in-
3 stallments on the 1st day of January following the par-
4 ticipant's retirement and on the two anniversaries of this
5 date immediately following: *Provided*, That in special
6 cases, the Director may in his discretion accelerate or
7 combine the installments; and

8 ~~(2)~~ a refund of the contributions made to the fund,
9 with interest as provided in section 241(a), except that
10 in lieu of such refund such participant, if he has at least
11 five years of service credit toward retirement under the
12 system, excluding military or naval service that is
13 credited in accordance with the provisions of section 251-
14 or 252(a)-(2), may elect to receive retirement benefits
15 on reaching the age of sixty in accordance with the pro-
16 visions of section 224. In the event that a participant
17 who was separated from grade GS-13 or GS-12 and who
18 has elected to receive retirement benefits dies before
19 reaching the age of sixty, his death shall be considered a
20 death in service within the meaning of section 232. In
21 the event that a participant who was separated from
22 grade GS-11 or below and who has elected to receive
23 retirement benefits dies before reaching the age of sixty,
24 the total amount of his contributions made to the fund,

1 with interest as provided in section 241(a), shall be
 2 paid in accordance with the provisions of section
 3 241(b).

4 ~~(c)~~ Notwithstanding the provisions of section 3477 of
 5 the Revised Statutes, as amended ~~(31 U.S.C. 203)~~, or the
 6 provisions of any other law, a participant who is retired in
 7 accordance with the provisions of paragraph ~~(d)~~ of this sec-
 8 tion shall have the right to assign to any person or corpora-
 9 tion the whole or any part of the benefits receivable by him
 10 pursuant to paragraph ~~(d)~~ ~~(1)~~ of this section.

11 MANDATORY RETIREMENT FOR AGE

12 SEC. 235. (a) Any participant in the system in grade
 13 GS-18 or above shall upon reaching the age of sixty-five be
 14 retired from the Agency and receive retirement benefits in
 15 accordance with the provisions of section 221, but whenever
 16 the Director shall determine it to be in the public interest,
 17 he may extend such a participant's service for a period not to
 18 exceed five years.

19 (b) Any participant in the system, other than in grade
 20 GS-18 or above, shall upon reaching the age of sixty be re-
 21 tired from the Agency and receive retirement benefits in ac-
 22 cordance with the provisions of section 221, but whenever the
 23 Director shall determine it to be in the public interest, he
 24 may extend such a participant's service for a period not to
 25 exceed five years.

1 *LIMITATION ON NUMBER OF VOLUNTARY RETIREMENTS*

2 *SEC. 236. The number of participants retiring on imme-*
 3 *diately annuity pursuant to section 233^{234 + 235} of this Act shall not*
 4 *exceed a total of four hundred during the period ending on*
 5 *June 30, 1969, or a total of four hundred during the period*
 6 *beginning on July 1, 1969, and ending on June 30, 1974.*

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7 *PART E—DISPOSITION OF CONTRIBUTIONS AND INTEREST*
 8 *IN EXCESS OF BENEFITS RECEIVED*

9 *SEC. 241. (a) Whenever a participant becomes sepa-*
 10 *rated from the Agency without becoming eligible for an*
 11 *annuity or a deferred annuity in accordance with the pro-*
 12 *visions of this Act, the total amount of contributions from his*
 13 *salary with interest thereon at 4 per centum per annum,*
 14 *compounded annually as of December 31, per annum to*
 15 *December 31, 1947, and 3 per centum per annum thereafter*
 16 *compounded annually to December 31, 1956 (or, in the case*
 17 *of a participant separated from the Agency before he has*
 18 *completed five years of service, to the date of separation) and*
 19 *proportionately for the period served during the year of sepa-*
 20 *ration including all contributions made during or for such*
 21 *period, except as provided in section 281, shall be returned*
 22 *to him.*

23 *(b) In the event that the total contributions of a retired*
 24 *participant, other than voluntary contributions made in*

1 accordance with the provisions of section 281, with interest
2 ~~at 4 per centum per annum compounded annually as is at the~~
3 ~~rates~~ provided in paragraph (a) of this section added thereto,
4 exceed the total amount returned to such participant or to an
5 annuitant claiming through him, in the form of annuities,
6 ~~accumulated at the same rate of interest up to the date the~~
7 ~~annuity payments cease under the terms of the annuity, the~~
8 excess of the accumulated contributions over the accumulated
9 annuity payments shall be paid in the following order of
10 precedence, upon the establishment of a valid claim therefor,
11 and such payment shall be a bar to recovery by any other
12 person:

13 (1) To the beneficiary or beneficiaries designated
14 by such participant in writing to the Director;

15 (2) If there be no such beneficiary to the surviving
16 wife or husband of such participant;

17 (3) If none of the above, to the child or children
18 of such participant and descendants of deceased children
19 by representation;

20 (4) If none of the above, to the parents of such
21 participant or the survivor of them;

22 (5) If none of the above, to the duly appointed
23 executor or administrator of the estate of such
24 participant;

25 (6) If none of the above, to other next of kin

1 of such participant as may be determined by the Director
2 in his judgment to be legally entitled thereto.

3 (c) No payment shall be made pursuant to paragraph
4 (b) (6) of this section until after the expiration of thirty
5 days from the death of the retired participant or his sur-
6 viving annuitant.

7 PART F—PERIOD OF SERVICE FOR ANNUITIES

8 COMPUTATION OF LENGTH OF SERVICE

9 SEC. 251. For the purposes of this Act, the period of
10 service of a participant shall be computed from the date he
11 becomes a participant under the provisions of this Act, but
12 all periods of separation from the Agency and so much of
13 any leaves of absence without pay as may exceed six months
14 in the aggregate in any calendar year shall be excluded,
15 except leaves of absence while receiving benefits under the
16 Federal Employees' Compensation Act of September 7,
17 1916, as amended (5 U.S.C. 751 et seq.), and leaves of
18 absence granted participants while performing active and
19 honorable military or naval service in the Army, Navy,
20 Air Force, Marine Corps, or Coast Guard of the United
21 States.

22 PRIOR SERVICE CREDIT

23 SEC. 252. (a) A participant may, subject to the pro-
24 visions of this section, include in his period of service—
25 (1) civilian service in the executive, judicial, and

1 legislative branches of the Federal Government and in
2 the District of Columbia government, prior to becoming
3 a participant; and

4 (2) active and honorable military or naval service
5 in the Army, Navy, Air Force, Marine Corps, or Coast
6 Guard of the United States *prior to the date of the*
7 *separation upon which title to annuity is based.*

8 (b) A participant may obtain prior civilian service
9 credit in accordance with the provisions of paragraph (a)
10 (1) of this section by making a special contribution to the
11 fund equal to ~~5 per centum~~ *the percentage* of his basic annual
12 salary for each year of service for which credit is sought
13 prior to November 8, 1960, and at $6\frac{1}{2}$ per centum thereafter
14 with interest compounded annually at 4 per centum per
15 annum to the date of payment *specified with respect to such*
16 *year in the table relating to employees contained in section*
17 *4(c) of the Civil Service Retirement Act, together with in-*
18 *terest computed as provided in section 4(c) of such Act.*
19 Any such participant may, under such conditions as may
20 be determined in each instance by the Director, pay such
21 special contributions in installments.

22 (c) (1) If an officer or employee under some other Gov-
23 ernment retirement system becomes a participant in the sys-
24 tem by direct transfer, such officer or employee's total con-
25 tributions and deposits, including interest accrued thereon,

1 except voluntary contributions, shall be transferred to the
2 fund effective as of the date such officer or employee becomes
3 a participant in the system. Each such officer or employee
4 shall be deemed to consent to the transfer of such funds and
5 such transfer shall be a complete discharge and acquittance
6 of all claims and demands against the other Government
7 retirement fund on account of service rendered prior to
8 becoming a participant in the system.

9 (2) No participant, whose contributions are transferred
10 to the fund in accordance with the provisions of paragraph
11 (c) (1) of this section, shall be required to make contribu-
12 tions in addition to those transferred for periods of service
13 for which full contributions were made to the other Govern-
14 ment retirement fund, nor shall any refund be made to any
15 such participant on account of contributions made during any
16 period to the other Government retirement fund at a higher
17 rate than that fixed by section 211 of this Act for contribu-
18 tions to the fund.

19 (3) No participant, whose contributions are transferred
20 to the fund in accordance with the provisions of paragraph
21 (c) (1) of this section, shall receive credit for periods of
22 service for which a refund of contributions has been made,
23 or for which no contributions were made to the other Gov-
24 ernment retirement fund. A participant may, however,

1 obtain credit for such prior service by making a special
2 contribution to the fund in accordance with the provisions
3 of paragraph (b) of this section.

4 (d) No participant may obtain prior civilian service
5 credit toward retirement under the system for any period
6 of civilian service on the basis of which he is receiving or
7 will in the future be entitled to receive any annuity under
8 another retirement system covering civilian personnel of the
9 Government.

10 (e) A participant may obtain prior military or naval
11 service credit in accordance with the provisions of para-
12 graph (a) (2) of this section by applying for it to the
13 Director prior to retirement or separation from the Agency.
14 However, in the case of a participant who is eligible for and
15 receives retired pay on account of military or naval service,
16 the period of service upon which such retired pay is based
17 shall not be included, except that in the case of a participant
18 who is eligible for and receives retired pay on account of a
19 service-connected disability incurred in combat with an
20 enemy of the United States or caused by an instrumentality
21 of war and incurred in line of duty during a period of war
22 (as that term is used in chapter 11 of title 38, United States
23 Code), or is awarded under chapter 67 of title 10 of the
24 United States Code, the period of such military or naval
25 service shall be included. No contributions to the fund shall

27

1 be required in connection with military or naval service
 2 credited to a participant in accordance with the provisions
 3 of paragraph (a) (2) of this section.

4 (f) Notwithstanding any other provision of this section ^{et Section 253}
 5 any military service (other than military service covered by
 6 military leave with pay) performed by a participant after
 7 December 1956 shall be excluded in determining the aggre-
 8 gate period of service upon which an annuity payable under
 9 this Act to such participant or to his widow or child is to be
 10 based, if such participant or widow or child is entitled (or
 11 would upon proper application be entitled) at the time of
 12 such determination, to monthly old-age or survivors' bene-
 13 fits under section 202 of the Social Security Act, as amended
 14 (42 U.S.C. 402), based on such participant's wages and
 15 self-employment income. If in the case of the participant or
 16 widow such military service is not excluded under the pre-
 17 ceding sentence, but upon attaining age sixty-two, he or she
 18 becomes entitled (or would upon proper application be en-
 19 titled) to such benefits, the aggregate period of service upon
 20 which such annuity is based, shall be redetermined, effective
 21 as of the first day of the month in which he or she attains
 22 such age, so as to exclude such service.

23 CREDIT FOR SERVICE WHILE ON MILITARY LEAVE

24 ⁸ ~~Sec. 253~~ ⁶ ~~(a) Notwithstanding subsection (f) of section~~
 25 ^A ~~252~~ a participant who, during the period of any war, or of

1 any national emergency as proclaimed by the President or
2 declared by the Congress, ^{has left or} leaves his position to enter the
3 military service shall not be considered, for the purposes of
4 this Act, as separated from his Agency position by reason of
5 such military service, unless he shall apply for and receive
6 a refund of contributions under this Act: Provided, That
7 such participant shall not be considered as retaining his
8 Agency position beyond December 31, 1956, or the expira-
9 tion of five years of such military service, whichever is later.

10 (b) Contributions shall not be required covering periods
11 of leave of absence from the Agency granted a participant
12 while performing active military or naval service in the
13 Army, Navy, Air Force, Marine Corps, or Coast Guard
14 of the United States.

15 ~~SEC. 253.~~ (b) Contributions shall not be required cover-
16 ing periods of leave of absence from the Agency granted a
17 participant while performing active military or naval service
18 in the Army, Navy, Air Force, Marine Corps, or Coast
19 Guard of the United States.

20 PART G—MONEYS

21 ESTIMATE OF APPROPRIATIONS NEEDED

22 SEC. 261. The Director shall prepare the estimates of
23 the annual appropriations required to be made to the fund,
24 and shall cause to be made actuarial valuations of the fund at

1 any national emergency as proclaimed by the President or
 2 declared by the Congress, ^{has left or} leaves his position to enter the
 3 military service shall not be considered, for the purposes of
 4 this Act, as separated from his Agency position by reason of
 5 such military service, unless he shall apply for and receive
 6 a refund of contributions under this Act: Provided, That
 7 such participant shall not be considered as retaining his
 8 Agency position beyond December 31, 1956, or the expira-
 9 tion of five years of such military service, whichever is later.

10 (b) Contributions shall not be required covering periods
 11 of leave of absence from the Agency granted a participant
 12 while performing active military or naval service in the
 13 Army, Navy, Air Force, Marine Corps, or Coast Guard
 14 of the United States.

15 ~~SEC. 253.~~ (b) Contributions shall not be required cover-
 16 ing periods of leave of absence from the Agency granted a
 17 participant while performing active military or naval service
 18 in the Army, Navy, Air Force, Marine Corps, or Coast
 19 Guard of the United States.

20 PART G—MONEYS

21 ESTIMATE OF APPROPRIATIONS NEEDED

22 SEC. 261. The Director shall prepare the estimates of
 23 the annual appropriations required to be made to the fund,
 24 and shall cause to be made actuarial valuations of the fund at

1 intervals of five years, or oftener if deemed necessary by
2 him.

3 INVESTMENT OF MONEYS IN THE FUND

4 SEC. 262. The Director may, with the approval of the
5 Secretary of the Treasury, invest from time to time in
6 interest-bearing securities of the United States such portions
7 of the fund as in his judgment may not be immediately re-
8 quired for the payment of annuities, cash benefits, refunds,
9 and allowances, and the income derived from such invest-
10 ments shall constitute a part of such fund.

11 ATTACHMENT OF MONEYS

12 SEC. 263. None of the moneys mentioned in this Act
13 shall be assignable either in law or equity, or be subject to
14 execution, levy, attachment, garnishment, or other legal
15 process, except as provided in section 234 (e).

16 PART H—RETIRED PARTICIPANTS RECALLED, REIN-
17 STATED, OR REAPPOINTED IN THE AGENCY, OR
18 REEMPLOYED IN THE GOVERNMENT RECALL

19 SEC. 271. (a) The Director may recall, *with the con-*
20 *sent of any retired participant, recall such participant to*
21 *duty in the Agency whenever he shall determine such recall*
22 *is in the public interest.*

23 (b) Any such participant recalled to duty in the
24 Agency in accordance with the provisions of paragraph (a)

1 of this section or reinstated or reappointed in accordance
2 with the provisions of section 231 (b) shall, while so serv-
3 ing, be entitled in lieu of his annuity to the full salary of the
4 grade in which he is serving. During such service, he shall
5 make contributions to the fund in accordance with the pro-
6 visions of section 211. When he reverts to his retired sta-
7 tus, his annuity shall be determined anew in accordance with
8 the provisions of section 221.

9 REEMPLOYMENT

10 SEC. 272. Notwithstanding any other provision of law,
11 a participant retired under the provisions of this Act shall
12 not, by reason of his retired status, be barred from employ-
13 ment in Federal Government service in any appointive
14 position for which he is qualified. An annuitant so re-
15 employed shall serve at the will of the appointing officer.

16 REEMPLOYMENT COMPENSATION

17 SEC. 273. (a) Notwithstanding any other provision of
18 law, any annuitant who has retired under this Act and who
19 is reemployed in the Federal Government service in any
20 appointive position either on a part-time or full-time basis
21 shall be entitled to receive the salary of the position in which
22 he is serving plus so much of his annuity payable under this
23 Act which when combined with such salary does not exceed
24 during any calendar year the basic salary such annuitant
25 was entitled to receive on the date of his retirement from the

*Fight for
this!*

31

1 ~~Agency.~~ Any such reemployed annuitant who receives
2 salary during any calendar year in excess of the maximum
3 amount which he may be entitled to receive under this
4 paragraph shall be entitled to such salary in lieu of benefits.
5 hereunder his annuity payable under this Act, but there shall
6 be deducted from his salary a sum equal to the annuity
7 allocable to the period of actual employment.

8 ~~(b)~~ When any such retired annuitant is reemployed,
9 the employer shall send a notice to the Agency of such re-
10 employment together with all pertinent information relating
11 thereto, and shall pay directly to such annuitant the salary
12 of the position in which he is serving.

13 ~~(e)~~ (b) In the event of any overpayment under this sec-
14 tion, such overpayment shall be recovered by withholding the
15 amount involved from the salary payable to such reemployed
16 annuitant, or from any other moneys, including his annuity,
17 payable in accordance with the provisions of this Act.

18 PART I—VOLUNTARY CONTRIBUTIONS

19 SEC. 281. (a) Any participant may, at his option and
20 under such regulations as may be prescribed by the Director,
21 deposit additional sums in multiples of 1 per centum of his
22 basic salary, but not in excess of 10 per centum of such
23 salary, which amounts together with interest at 3 per centum
24 per annum, compounded annually as of December 31, and
25 proportionately for the period served during the year of his

1 retirement, including all contributions made during or for
2 such period, shall, at the date of his retirement and at his
3 election, be—

4 (1) returned to him in lump sum; or

5 (2) used to purchase an additional life annuity; or

6 (3) used to purchase an additional life annuity for
7 himself and to provide for a cash payment on his death
8 to a beneficiary whose name shall be notified in writing
9 to the Director by the participant; or

10 (4) used to purchase an additional life annuity for
11 himself and a life annuity commencing on his death
12 payable to a beneficiary whose name shall be notified in
13 writing to the Director by the participant with a guar-
14 anteed return to the beneficiary or his legal repre-
15 sentative of an amount equal to the cash payment re-
16 ferred to in subparagraph (3) above.

17 (b) The benefits provided by subparagraphs (2), (3),
18 or (4) of paragraph (a) of this section shall be actuarially
19 equivalent in value to the payment provided for by sub-
20 paragraph (a) (1) of this section and shall be calculated
21 upon such tables of mortality as may be from time to time
22 prescribed for this purpose by the Director.

23 (c) In case a participant shall become separated from
24 the Agency for any reason except retirement on an annuity,
25 the amount of any additional deposits with interest at 3

1 per centum per annum, compounded as is provided in
2 paragraph (a) of this section, made by him under the provi-
3 sions of said paragraph (a) shall be refunded in the manner
4 provided in section 241 for the return of contributions and
5 interest in the case of death or separation from the Agency.

6 (d) Any benefits payable to a participant or to his
7 beneficiary in respect to the additional deposits provided
8 under this section shall be in addition to the benefits other-
9 wise provided under this Act.

10 *PART J—COST-OF-LIVING ADJUSTMENT OF ANNUITIES*

11 *SEC. 291. (a) On the basis of determinations made by*
12 *the Civil Service Commission pursuant to section 18 of the*
13 *Civil Service Retirement Act, as amended, pertaining to*
14 *per centum change in the price index, the following adjust-*
15 *ments shall be made:*

16 (1) *Effective April 1, 1966, if the change in the price*
17 *index from 1964 to 1965 shall have equaled a rise of at*
18 *least 3 per centum, each annuity payable from the fund*
19 *which has a commencing date earlier than January 2, 1965,*
20 *shall be increased by the per centum rise in the price index*
21 *adjusted to the nearest one-tenth of 1 per centum.*

22 (2) *Effective April 1 of any year other than 1966*
23 *after the price index change shall have equaled a rise of at*
24 *least 3 per centum, each annuity payable from the fund*
25 *which has a commencing date earlier than January 2 of the*

1 preceding year shall be increased by the per centum rise in
2 the price index adjusted to the nearest one-tenth of 1 per
3 centum.

4 (b) Eligibility for an annuity increase under this section
5 shall be governed by the commencing date of each annuity
6 payable from the fund as of the effective date of an increase,
7 except as follows:

8 (1) Effective from the date of the first increase under
9 this section, an annuity payable from the fund to an annui-
10 tant's survivor (other than a child entitled under section
11 221(c)), which annuity commenced the day after the annui-
12 tant's death, shall be increased as provided in subsection
13 (a)(1) or (a)(2) if the commencing date of annuity to the
14 annuitant was earlier than January 2 of the year preceding
15 the first increase.

16 (2) Effective from its commencing date, an annuity pay-
17 able from the fund to an annuitant's survivor (other than
18 a child entitled under section 221(c)), which annuity com-
19 mences the day after the annuitant's death and after the
20 effective date of the first increase under this section, shall be
21 increased by the total per centum increase the annuitant was
22 receiving under this section at death.

23 (3) For purposes of computing an annuity which com-
24 mences after the effective date of the first increase under this
25 section to a child under section 221(c), the items \$600, \$720,

1 \$1,800, and \$2,160 appearing in section 221(c) shall be in-
2 creased by the total per centum increase allowed and in force
3 under this section and, in case of a deceased annuitant, the
4 items 40 per centum and 50 per centum appearing in section
5 221(c) shall be increased by the total per centum increase
6 allowed and in force under this section to the annuitant at
7 death. Effective from the date of the first increase under
8 this section, the provisions of this paragraph shall apply as if
9 such first increase were in effect with respect to computation
10 of a child's annuity under section 221(c) which commenced
11 between January 2 of the year preceding the first increase
12 and the effective date of the first increase.

13 (c) No increase in annuity provided by this section shall
14 be computed on any additional annuity purchased at retire-
15 ment by voluntary contributions.

16 (d) The monthly installment of annuity after adjust-
17 ment under this section shall be fixed at the nearest dollar.

Passed the House of Representatives October 30, 1963.

Attest:

RALPH R. ROBERTS,

Clerk.

[COMMITTEE PRINT]

AUGUST 20, 1964

88TH CONGRESS
2D SESSION

H. R. 8427

AN ACT

To provide for the establishment and maintenance of a Central Intelligence Agency Retirement and Disability System for a limited number of employees, and for other purposes.

OCTOBER 31 (legislative day, OCTOBER 22), 1963
Read twice and referred to the Committee on
Armed Services